

**SUCCESS PREPARATORY ACADEMY**

**FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2012 and 2011**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Success Preparatory Academy  
New Orleans, Louisiana

We have audited the accompanying Statements of Financial Position of Success Preparatory Academy ("Success Prep") (a nonprofit organization) as of June 30, 2012 and 2011, and the related Statements of Activities, Cash Flows, and Functional Expenses for the years then ended. These financial statements are the responsibility of Success Prep's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Success Prep as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012, on our consideration of Success Prep's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Carr, Riggs & Ingram, LLC*

September 28, 2012

**SUCCESS PREPARATORY ACADEMY**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2012 and 2011**

ASSETS	<u>2012</u>	<u>2011</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,389,056	\$ 892,390
Grants receivable	276,386	291,817
Prepaid expenses	36,527	35,620
Other receivables	<u>-</u>	<u>437</u>
Total Current Assets	<u>1,701,969</u>	<u>1,220,264</u>
Total Assets	<u><u>\$ 1,701,969</u></u>	<u><u>\$ 1,220,264</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	<u>\$ 251,471</u>	<u>\$ 133,007</u>
Total Current Liabilities	<u>251,471</u>	<u>133,007</u>
Total Liabilities	<u>251,471</u>	<u>133,007</u>
<b>Net Assets:</b>		
Unrestricted	<u>1,450,498</u>	<u>1,087,257</u>
Total Net Assets	<u>1,450,498</u>	<u>1,087,257</u>
Total Liabilities and Net Assets	<u><u>\$ 1,701,969</u></u>	<u><u>\$ 1,220,264</u></u>

See accompanying notes to financial statements.

**SUCCESS PREPARATORY ACADEMY**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2012 and 2011**

<b>UNRESTRICTED NET ASSETS</b>	<u>2012</u>	<u>2011</u>
<b>Public Support Revenues and Other Support:</b>		
Local per pupil aid	\$ 1,603,441	\$ 1,385,581
Federal sources	1,122,807	1,064,801
State public school funds	925,653	801,013
Other state and local sources	524,564	374,436
Donations and contributions	<u>132,379</u>	<u>114,923</u>
 Total Support, Revenues and Reclassifications	 <u>4,308,844</u>	 <u>3,740,754</u>
 <b>Expenses:</b>		
Program services:		
Instructional	2,188,087	1,966,167
Supporting services:		
Management and general	<u>1,757,516</u>	<u>1,377,933</u>
 Total Expenses	 <u>3,945,603</u>	 <u>3,344,100</u>
 Increase in Unrestricted Net Assets	 363,241	 396,654
 Net Assets at Beginning of Year	 <u>1,087,257</u>	 <u>690,603</u>
 Net Assets at End of Year	 <u><u>\$ 1,450,498</u></u>	 <u><u>\$ 1,087,257</u></u>

See accompanying notes to financial statements.

**SUCCESS PREPARATORY ACADEMY**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Cash Flows from Operating Activities:</b>		
Increase in net assets	\$ 363,241	\$ 396,654
(Increase) decrease in operating assets:		
Grants receivable	15,431	84,491
Prepaid expenses	(907)	(20,992)
Other receivables	437	(416)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	<u>118,464</u>	<u>(171,287)</u>
Net cash provided by operating activities:	<u>496,666</u>	<u>288,450</u>
Net increase in cash and cash equivalents	496,666	288,450
Cash and Cash Equivalents, Beginning of Year	<u>892,390</u>	<u>603,940</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,389,056</u></u>	<u><u>\$ 892,390</u></u>

See accompanying notes to financial statements.



**SUCCESS PREPARATORY ACADEMY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2012**

	<u>Instructional</u>	<u>Management And General</u>	<u>Total</u>
Salaries and benefits	\$ 1,802,567	\$ 503,767	\$ 2,306,334
Bus service	-	349,588	349,588
Food service	-	303,315	303,315
Professional services	235,437	63,066	298,503
Purchased property services	-	273,309	273,309
Supplies	83,579	18,020	101,599
Dues and fees	1,262	63,248	64,510
Grant administration	-	51,149	51,149
Textbooks	46,976	17	46,993
Utilities	-	42,479	42,479
Insurance	-	30,540	30,540
Telephone and postage	-	26,582	26,582
Printing and binding	-	22,681	22,681
Travel	18,266	3,636	21,902
Advertising	-	6,119	6,119
<b>Total Expenses</b>	<u><u>\$ 2,188,087</u></u>	<u><u>\$ 1,757,516</u></u>	<u><u>\$ 3,945,603</u></u>

See accompanying notes to financial statements.

**SUCCESS PREPARATORY ACADEMY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2011**

	<u>Instructional</u>	<u>Management And General</u>	<u>Total</u>
Salaries and benefits	\$ 1,594,597	\$ 265,984	\$ 1,860,581
Purchased property services	-	276,407	276,407
Professional services	186,832	87,979	274,811
Bus service	-	253,391	253,391
Food service	-	238,670	238,670
Supplies	95,995	17,318	113,313
Textbooks	71,235	-	71,235
Dues and fees	579	68,978	69,557
Utilities	-	60,733	60,733
Grant administration	-	39,047	39,047
Telephone and postage	-	24,146	24,146
Printing and binding	-	22,731	22,731
Travel	16,929	3,190	20,119
Insurance	-	15,650	15,650
Advertising	-	3,709	3,709
<b>Total Expenses</b>	<u><u>\$ 1,966,167</u></u>	<u><u>\$ 1,377,933</u></u>	<u><u>\$ 3,344,100</u></u>

See accompanying notes to financial statements.

**SUCCESS PREPARATORY ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012 and 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Success Preparatory Academy ("Success Prep") (a nonprofit organization) was incorporated in the Fall of 2008 for the purpose of operating a transformation charter school in New Orleans. Success Prep was created to develop college-bound students for leadership and lifelong learning. The State Board of Elementary and Secondary Education (BESE) granted Success Prep a Type 5 charter to operate Success Preparatory Academy.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management. The allocation between the functions is compiled based on the Louisiana Accounting and Uniform Governmental Handbook (LAUGH).

Income Tax Status

Success Preparatory Academy is a Louisiana nonprofit organization under Section 509(a)(3) of the Internal Revenue code that has been granted an exemption from the payment of income taxes under Section 503(c)(3) and has been determined to be other than a private foundation. Success Prep's management believes that Success Prep continues to operate in a manner that preserves its tax exempt status.

On January 1, 2009, Success Prep adopted a standard relating to the accounting for uncertainty in income taxes. The tax effect from an uncertain tax position can be recognized in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. Success Prep recognizes the financial statement benefits of a tax position only after determining that the relevant tax authority would be more likely than not to sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized, upon ultimate settlement with the relevant tax authority. At the adoption date, Success Prep applied the new accounting standard to all tax positions for which the statute of limitations remained open. Success Prep did not make any adjustment to beginning net assets as a result of the implementation of the accounting standard.

Based on its evaluation, Success Prep has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. Success Prep is no longer subject to U.S. federal income tax examinations by the Internal Revenue Service for the years before 2009.

**SUCCESS PREPARATORY ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2012 and 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Public Support and Revenue

Success Prep receives its support primarily from the Louisiana State Department of Education and the United States Department of Education.

Success Prep recognizes revenue for reimbursable Food Services received from the Louisiana Recovery School District ("RSD"). Success Prep is billed the net unreimbursable Food Service costs by the RSD. As the School Food Authority, the RSD handles all food services at Success Prep.

RSD sends monthly invoices to Success Prep showing the amount which the grant revenue covered and the difference that Success Prep is obligated to pay. The revenue recognized and expense incurred related to this grant was \$264,018 and \$228,224 for the years ended June 30, 2012 and 2011, respectively.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less.

**SUCCESS PREPARATORY ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2012 and 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Compensated Absences

All teachers and staff are provided annual sick and personal leave. Unused sick leave balances, if any, are forfeited upon employee termination and at the conclusion of the fiscal year. Unused personal leave balances, if any, are carried over into future years.

Basis of Presentation

Success Prep follows the provisions of Not-For-Profit Entities Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and classification of resources into three separate categories of net assets, as follows:

- Unrestricted - Net assets which are free of donor imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by Success Prep is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of Success Prep pursuant to such stipulations.
- Permanently Restricted - Net assets whose use by Success Prep is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of Success Prep.

Property and Equipment

Property and equipment are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment are recorded at fair market values as of the date received. Success Prep maintains a capitalization threshold of \$5,000 for furniture and equipment, land, and leasehold improvements. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported property and equipment except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Leasehold improvements	life of lease or 5 years, whichever is greater
Furniture, fixtures, and equipment	3-7 years

**SUCCESS PREPARATORY ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2012 and 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Subsequent Events

Subsequent events have been evaluated through September 28, 2012 the date the financial statements were available to be issued.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Success Prep maintains its cash balances at several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the year ending June 30, 2012. At times, the balance may exceed the federally insured amount. Additionally, in accordance with Dodd-Frank Insurance Provision, non-interest bearing transaction accounts are fully insured by the FDIC. This provision is effective from December 31, 2010 through December 31, 2012.

**NOTE 3 – RETIREMENT PLANS**

Substantially all employees of Success Prep are members of an employer sponsored Safe Harbor 401(k) plan. Covered employees may elect to contribute a portion of their salaries to the plan. Success Prep's matching contribution to the Plan equals 100% of the salary deferral contributions that the employee makes up to the first 4% of the participant's compensation that is deferred. Success Prep made contributions to plan of \$52,199 and \$41,522 for the years ended June 30, 2012 and 2011, respectively.

**NOTE 4 – COMPENSATED ABSENCES**

**School-Based Employees:**

All school-based employees are granted four (4) sick days and three (3) personal days at the beginning of each year. These days are to be used in case of illness or any other reason an employee needs a day off. If an employee starts after the beginning of the school year, personal leave/sick days are pro-rated. Unused sick days will not roll forward at the end of the year (June 30<sup>th</sup>) and may not be redeemed for additional compensation at the end of the year. Personal days may be carried forward into future years.

**Funding Policy:**

School Support Center staff work throughout the year and observe school holidays. All full time Success Prep employees earn a minimum total of twenty (20) days PTO (a combination of vacation time, sick time, and personal holiday time) per year.

**SUCCESS PREPARATORY ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2012 and 2011**

**NOTE 5 - CONTINGENCIES**

**State Funding** - The continuation of Success Prep is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

At June 30, 2012 and 2011, Success Prep was not a defendant or co-defendant in any lawsuits arising from the normal course of operations.

**Facility Operating Costs** - As disclosed in Note 6, Success Prep leased space at Albert D. Wicker Elementary from the Louisiana State Department of Education through its Recovery School District ("RSD"). As disclosed in Note 6, the RSD and Success Prep reached an agreement as to what costs would be charged to Success Prep.

**NOTE 6 – LEASE AGREEMENT**

Success Prep has entered into a rent-free lease agreement with the State of Louisiana Department of Education, Recovery School District (the "RSD") for the period from July 15, 2009 through June 30, 2012 for the use of Albert D. Wicker Elementary main buildings, cafeteria and grounds as school facilities. This lease may be extended for an additional two years ending June 30, 2014 in the event the Louisiana Board of Elementary and Secondary Education extends Success Prep's contract. The RSD has reserved the right to impose rent in subsequent years. The amount of the rent-free leases has been valued based on a schedule included in the signed lease agreement indicating fees that would be charged to nonprofit organizations for rental of the building totaling \$80,300 and \$62,050 at June 30, 2012 and 2011, respectively.

The lease agreement states the RSD may move Success Prep at any time as long as the RSD provides another facility deemed reasonable, taking into consideration such factors as building capacity, design alignment with grade levels served by Success Prep, projected enrollment, program specific needs, and community needs. Success Prep may terminate this agreement upon 30 days notice to relocate its school to a non-RSD facility. The RSD may terminate this agreement with cause prior to the end of the specified term in the event Success Prep fails to remedy a material breach within a period reasonable under the circumstances, but not less than 15 days after notice from the RSD.

**SUCCESS PREPARATORY ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2012 and 2011**

**NOTE 7 – OPERATING LEASES**

Success Prep has entered into operating leases for the rental of copiers and printers. The leases are for thirty-six (36) months. Rental payments under these leases were \$12,783 and \$16,997 for the years ended June 30, 2012 and 2011, respectively. Success Prep received in-kind use of a copier valued at \$4,178 for each of the years ended June 30, 2012 and 2011.

Future minimum commitments under the operating lease agreements are as follows:

2013	\$ 9,110
2014	4,190
2015	<u>2,793</u>
	<u>\$ 16,093</u>

**NOTE 8 – SIGNIFICANT CONCENTRATIONS**

For the years ended June 30, 2012 and 2011, Success Prep received approximately 26% and 28%, respectively, of its total revenue from federal sources and approximately 71% and 68%, respectively, of its total revenue from state and local public school funds and other state and local sources.



## **PERFORMANCE STATISTICAL DATA**

## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

Board of Directors  
Success Preparatory Academy  
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Success Preparatory Academy ("Success Prep") (a nonprofit organization) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Success Prep and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. Success Prep is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

### General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule K-1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures,
  - Total General Fund Equipment Expenditures,
  - Total Local Taxation Revenue,
  - Total Local Earnings on Investment in Real Property,
  - Total State Revenue in Lieu of Taxes,
  - Nonpublic Textbook Revenue, and
  - Nonpublic Transportation Revenue.

#### Education Levels of Public School Staff (Schedule K-2)

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule K-4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2011.
3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule K-4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2011 and as reported on the schedule. We traced a random sample of 25 teachers to the individual’s personnel file and determined that the individual’s education level was properly classified on the schedule.

#### Number and Type of Public Schools (Schedule K-3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

#### Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule K-4)

6. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2011 and as reported on the schedule and traced the same sample used in procedure 4 to the individual’s personnel file and determined that the individual’s experience was properly classified on the schedule.

#### Public Staff Data (Schedule K-5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual’s personnel file and determined that the individual’s salary, extra compensation, and full-time equivalents were properly included on the schedule.
8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Class Size Characteristics (Schedule K-6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule K-3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2011 roll books for those classes and determined that the class was properly classified on the schedule.

Louisiana Educational Assessment Program (LEAP) for the 21<sup>st</sup> Century (Schedule K-7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School System.

Integrated Louisiana Educational Assessment Program (iLEAP) (Schedule K-9)

11. We obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by the school.

No exceptions were found as a result of applying the above procedures.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of Success Preparatory Academy, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Carr, Riggs & Ingram, LLC*

September 28, 2012

# SUCCESS PREPARATORY ACADEMY NEW ORLEANS, LOUISIANA

## Schedule K-1

### General Fund Instructional and Support Expenditures and Certain Local Revenue Sources For the Year Ended June 30, 2012

#### General Fund Instructional and Equipment Expenditures

#### General fund instructional expenditures:

Teacher and student interaction activities:		
Classroom teacher salaries	\$ 1,062,763	
Other instructional staff activities	83,150	
Instructional Staff Employee benefits	183,096	
Purchased professional and technical services	105,714	
Instructional materials and supplies	101,504	
Less instructional equipment	-	
Total teacher and student interaction activities		\$ 1,536,227
Other instructional activities		1,337
Pupil support activities	\$ 34,948	
Less equipment for pupil support activities	-	
Net pupil support activities		34,948
Instructional Staff Services	\$ 21,121	
Less equipment for instructional staff services	-	
Net instructional staff services		21,121
School Administration	\$ 385,125	
Less: Equipment for School Administration	-	
Net school administration		385,125
Total general fund instructional expenditures		\$ 1,978,758
Total general fund equipment expenditures		\$ -

#### Certain Local Revenue Sources:

This section is not applicable.

Note: Success Preparatory Academy receives local revenues from the Orleans Parish School Board which is passed through the Recovery School District. The Foundation does not receive a detailed schedule of the source of these revenues. This section is not applicable to charter schools under the Recovery School District.

**SUCCESS PREPARATORY ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-2**

**Education Level of Public School Staff**

**As of June 30, 2012**

Category	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	-	-	-	-	-	-
Bachelor's Degree	12	60%	5	100%	-	-	-	-
Master's Degree	8	40%	-	-	-	-	2	100%
Master's Degree +30	-	-	-	-	-	-	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	-	-	-	-	-	-	-	-
<b>Total</b>	<b>20</b>	<b>100%</b>	<b>5</b>	<b>100%</b>	<b>-</b>	<b>0%</b>	<b>2</b>	<b>100%</b>

**Number and Type of Public Schools  
For the Year Ended June 30, 2012**

---

Type	2011
	Number
Elementary	1
Middle/Jr. High	-
Secondary	-
Combination	-
Total	1

Note: Schools opened or closed during the fiscal year are included in this schedule.

**SUCCESS PREPARATORY ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-4**

**Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers  
As of June 30, 2012**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	-	-	-	-	-
Classroom Teachers	6	5	10	3	-	-	1	25
Principals	-	-	1	-	-	1	-	2
Total	6	5	11	3	-	1	1	27



**SUCCESS PREPARATORY ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-5**

**Public School Staff Data**

**2011-2012 School Year**

2011-2012	All Classroom Teachers	Classroom Teachers Excluding ROTC And Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$ 49,260	\$ 49,260
Average Classroom Teacher's Salary Excluding Extra Compensation	\$ 49,260	\$ 49,260
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	27	27

Note: Figures reported include all sources of funding (i.e. federal, state and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

**SUCCESS PREPARATORY ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-6**

**Class Size Characteristics**

**As of October 1, 2011**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	29%	26	58%	52	11%	10	2%	2
Elementary Activity Classes	29%	5	59%	10	12%	2	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

**SUCCESS PREPARATORY ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-7**

**Louisiana Educational Assessment Program (LEAP) for the 21st Century  
For the Year Ended June 30, 2012**

District Achievement Level Results	English						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 4</b>												
Advanced	1	1%	N/A	N/A	N/A	N/A	1	1%	N/A	N/A	N/A	N/A
Mastery	9	11%	N/A	N/A	N/A	N/A	9	10%	N/A	N/A	N/A	N/A
Basic	31	37%	N/A	N/A	N/A	N/A	30	36%	N/A	N/A	N/A	N/A
Approaching Basic	22	27%	N/A	N/A	N/A	N/A	23	27%	N/A	N/A	N/A	N/A
Unsatisfactory	20	24%	N/A	N/A	N/A	N/A	22	26%	N/A	N/A	N/A	N/A
<b>Total</b>	<b>83</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>85</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 4</b>												
Advanced	-	0%	N/A	N/A	N/A	N/A	1	1%	N/A	N/A	N/A	N/A
Mastery	6	7%	N/A	N/A	N/A	N/A	3	4%	N/A	N/A	N/A	N/A
Basic	24	29%	N/A	N/A	N/A	N/A	39	46%	N/A	N/A	N/A	N/A
Approaching Basic	36	43%	N/A	N/A	N/A	N/A	26	31%	N/A	N/A	N/A	N/A
Unsatisfactory	18	21%	N/A	N/A	N/A	N/A	15	18%	N/A	N/A	N/A	N/A
<b>Total</b>	<b>84</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>84</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

**SUCCESS PREPARATORY ACADEMY**  
**NEW ORLEANS, LOUISIANA**

**Schedule K-9**

**Integrated Louisiana Educational Assessment Program (iLEAP)**  
**For the Years Ended June 30, 2012, 2011, 2010**

District Achievement Level Results	English						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>												
Advanced	-	0%	-	0%	-	0%	1	2%	1	2%	1	1%
Mastery	7	17%	7	11%	3	4%	8	19%	5	8%	6	8%
Basic	16	38%	16	25%	16	22%	18	43%	19	30%	25	34%
Approaching Basic	11	26%	18	28%	23	31%	9	22%	16	25%	22	30%
Unsatisfactory	8	19%	23	36%	32	43%	6	14%	23	36%	20	27%
<b>Total</b>	<b>42</b>	<b>100%</b>	<b>64</b>	<b>100%</b>	<b>74</b>	<b>100%</b>	<b>42</b>	<b>100%</b>	<b>64</b>	<b>101%</b>	<b>74</b>	<b>100%</b>

District Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>												
Advanced	-	0%	-	0%	1	1%	-	0%	-	0%	-	0%
Mastery	5	12%	2	3%	3	4%	1	2%	4	6%	3	4%
Basic	13	31%	13	21%	15	20%	17	41%	17	27%	22	30%
Approaching Basic	15	36%	26	41%	33	45%	15	36%	16	26%	24	33%
Unsatisfactory	9	21%	22	35%	22	30%	9	21%	26	41%	24	33%
<b>Total</b>	<b>42</b>	<b>100%</b>	<b>63</b>	<b>100%</b>	<b>74</b>	<b>100%</b>	<b>42</b>	<b>100%</b>	<b>63</b>	<b>100%</b>	<b>73</b>	<b>100%</b>

District Achievement Level Results	English						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>												
Advanced	-	0%	N/A	N/A	N/A	N/A	2	3%	N/A	N/A	N/A	N/A
Mastery	7	11%	N/A	N/A	N/A	N/A	7	11%	N/A	N/A	N/A	N/A
Basic	34	51%	N/A	N/A	N/A	N/A	26	39%	N/A	N/A	N/A	N/A
Approaching Basic	17	26%	N/A	N/A	N/A	N/A	18	27%	N/A	N/A	N/A	N/A
Unsatisfactory	8	12%	N/A	N/A	N/A	N/A	13	20%	N/A	N/A	N/A	N/A
<b>Total</b>	<b>66</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>66</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

District Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>												
Advanced	1	2%	N/A	N/A	N/A	N/A	5	7%	N/A	N/A	N/A	N/A
Mastery	4	6%	N/A	N/A	N/A	N/A	15	23%	N/A	N/A	N/A	N/A
Basic	26	39%	N/A	N/A	N/A	N/A	27	41%	N/A	N/A	N/A	N/A
Approaching Basic	31	47%	N/A	N/A	N/A	N/A	9	14%	N/A	N/A	N/A	N/A
Unsatisfactory	4	6%	N/A	N/A	N/A	N/A	10	15%	N/A	N/A	N/A	N/A
<b>Total</b>	<b>66</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>66</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

**SUCCESS PREPARATORY ACADEMY  
NEW ORLEANS, LOUISIANA**

**Schedule K-9**

**Integrated Louisiana Educational Assessment Program (iLEAP) (Continued)  
For the Years Ended June 30, 2012, 2011, 2010**

District Achievement Level Results	English						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>												
Advanced	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

District Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>												
Advanced	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

District Achievement Level Results	English						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>												
Advanced	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

District Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>												
Advanced	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

**OMB CIRCULAR A-133 COMPLIANCE AND  
*GOVERNMENT AUDITING STANDARDS* REPORTS**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

Board of Directors  
Success Preparatory Academy  
New Orleans, Louisiana

We have audited the Statement of Financial Position and the related Statements of Activities, Cash Flows and Functional Expenses of Success Preparatory Academy (a nonprofit organization) ("Success Prep"), as of and for the year ended June 30, 2012, and have issued our report thereon dated September 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of Success Prep is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Success Prep's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Success Prep's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Success Prep's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Success Prep's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management of Success Prep, the Louisiana Department of Education, the Louisiana Legislature, Orleans Parish School Board and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Carr, Riggs & Ingram, LLC*

September 28, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Success Preparatory Academy  
New Orleans, Louisiana

Compliance

We have audited Success Preparatory Academy's ("Success Prep") (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Success Prep's major federal programs for the year ended June 30, 2012. Success Prep's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Success Prep's management. Our responsibility is to express an opinion on Success Prep's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Success Prep's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Success Prep's compliance with those requirements.

In our opinion, Success Prep complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control Over Compliance

Management of Success Prep is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Success Prep's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Success Prep's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management of Success Prep, the Louisiana Department of Education, the Louisiana Legislature, Orleans Parish School Board and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Carr, Riggs & Ingram, LLC*

September 28, 2012

**SUCCESS PREPARATORY ACADEMY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2012**

<b><u>Federal Grantor/ Program Title/ Pass-Through Grantor</u></b>	<b><u>Federal CFDA Number</u></b>	<b><u>Expenditures</u></b>
<u>U.S. Department of Education:</u>		
<i>Passed-through Louisiana Department of Education:</i>		
Title I Grants to Local Educational Agencies (LEAs)	84.010	\$ 321,992
Education Jobs Fund	84.410	1,036
Title II, Part A, Teacher and Principal Training and Recruiting Fund	84.367	12,749
School Improvement Grants*		
School Improvement Grants	84.377	22,634
School Improvement Grants - Recovery Funds	84.388	339,056
Special Education - Grants to States (IDEA, Part B)	84.027	75,393
Special Education-Preschool Grants	84.173	3,413
Public Charter Schools Federal Grant Program	84.282A	<u>63,349</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>\$ 839,622</u>
<u>U.S. Department of Agriculture:</u>		
<i>Passed-through Louisiana Department of Education</i>		
National School Lunch Program	10.555	151,062
School Breakfast Program	10.553	80,596
Child and Adult Care Food Program	10.558	<u>32,360</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>264,018</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 1,103,640</u>

\*Identified as a major program.

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**SUCCESS PREPARATORY ACADEMY**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AWARDS**  
**For the Year Ended June 30, 2012**

**NOTE 1 - BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Success Prep and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**SUCCESS PREPARATORY ACADEMY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Success Preparatory Academy ("Success Prep") (a nonprofit organization).
2. No instances of noncompliance material to the financial statements of Success Prep were disclosed and identified during the audit.
3. No significant deficiencies relating to the audit of the major federal award programs is reported in the *Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*.
4. The *Report on Compliance with Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133* expresses an unqualified opinion on all major federal programs.
5. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
6. A management letter was not issued for the year ended June 30, 2012.
7. The programs tested as a major program for the year ended June 30, 2012 were:

<u>Program Title</u>	<u>CFDA No.</u>
School Improvement Grants, Recovery Act	84.388
School Improvement Grants	84.377

8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
9. The programs tested under the American Recovery and Reinvestment Act for the year ended June 30, 2012 were:

<u>Program Title</u>	<u>CFDA No.</u>
School Improvement Grants, Recovery Act	84.388

10. Success Prep qualified as a low-risk auditee.

**SUCCESS PREPARATORY ACADEMY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012 (CONTINUED)**

**B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

There were no findings related to the financial statements for the year ended June 30, 2012.

**SUCCESS PREPARATORY ACADEMY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
COMPLIANCE**

Not applicable.

**SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR  
FEDERAL AWARD PROGRAMS**

Not applicable.

**SECTION III – MANAGEMENT LETTER**

Not applicable.